IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF NET METERING COST SHIFT SOLUTION

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
CHAIRMAN

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COMMISSIONER

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SUSAN BITTER SMITH
COMMISSIONER

Docket No. E-01345A-13-0248

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF NET METERING COST SHIFT SOLUTION

RUUCO'S RESPONSE TO TASC'S MOTION TO TERMINATE LFCR AND TASC'S AND APS' RESPONSE TO COMMISSIONER BURNS

The Residential Utility Consumer Officer ("RUUCO") hereby files this narrow response to address a couple points raised in several of TASC's pleadings.

RUUCO feels compelled to address these points prior to the Open Meeting in order to clarify its position. First, RUUCO's proposal does not create any fair value issues and does not present a question of single issue ratemaking. In Arizona, the Courts have repeatedly found that the Commission is required to make a fair value finding of a utility's property and use such finding as a rate base for purpose of calculating fair and reasonable rates. See Scates, 118 Ariz. 531, 534, 578 P.2d 612, 616 (1978), Simms v. Round Valley Light & Power Co., 80 Ariz. 145, 151, 294 P.2d 378, 382 (1956). In other words, when ascertaining the utility's rate base, the Commission is required to find fair value. Id.

RUUCO's proposal is revenue neutral and will not affect the Company's ratebase as determined in the last rate case. Moreover, the parties in the last rate case contemplated potential modifications to the LFCR and wanted to make sure the Commission had flexibility which explains Sections 9.11 and 9.13 of the Settlement Agreement. The
Commission is well within its authority to change/modify the LFCR under the terms of the Settlement Agreement as well as within its own statutory and Constitutional powers. There is no single issue ratemaking or fair value issue at play with RUCO’s proposal.

The Commission can do what TASC ultimately requests for reasons other than legal concerns. For instance, if the Commission believes that the amount of the cost shift is too large for any meaningful interim solution to mitigate, then the Commission could consider taking DG out of the LFCR. The Commission’s action would be consistent with the flexibility that it has under paragraph 9.13 of the Settlement. The Commission would then be able, under paragraph 9.11 of the Settlement to lift the moratorium for APS’ next rate case and order APS to file a rate case in 2014.

RUCO would also like to reiterate its concern that whatever solution the Commission considers, the Commission provides some rate certainty to the solar industry and customers. RUCO’s proposal suggests “locking-in” the fixed charge for a 20 year period. While some may disagree with RUCO’s proposed numbers, it should be self-evident that providing some regulatory certainty is crucial to any business model that involves a long-term investment. RUCO understands that this Commission cannot bind future Commissions on rates, but this Commission could express its intent in its Decision by incorporating the following language in the Decision:

“The Commission acknowledges that solar customers need certainty. The Commission, however, cannot bind future Commissions with regard to rates. It is the policy of this Commission to promote solar and to provide certainty to the solar industry and its customers to the extent possible. It is the intent of the Commission that each new solar customer’s charge shall be locked in for 20 years, and linked to the system not the homeowner.”
RESPECTFULLY SUBMITTED this 12TH day of November 2013.

Daniel W. Pozefsky
Chief Counsel

AN ORIGINAL AND THIRTEEN COPIES
of the foregoing filed this 12th day of November, 2013.

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